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Message Text

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ACTION EA-13

INFO OCT-01 SS-14 ADP-00 NSC-10 NSCE-00 CIAE-00 INR-10

NSAE-00 RSC-01 PRS-01 EB-03 SIL-01 LAB-01 RSR-01 /056 W
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C O N F I D E N T I A L WELLINGTON 2325

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E.O. 11652: GDS
TAGS: OVIP, PINT, NZ
SUBJECT: DRAFT MEMORANDUM FOR KIRK VISIT: CURRENT NZ POLITICAL SCENE

1. DAVID FROSTS'S RECENT TV INTERVIEW OF PM KIRK AND OPPOTITION LEADER MARSHALL SHOWED NEW ZEALAND'S PREFERENCE FOR LEADERSHIP. BOTH MEN ARE MODERATE AND DECENT. THERE WERE NO BASIC POLICY DISAGREEMENTS. (NEW ZELAND IS COMMITTED TO CRADLE TO GRAVE SECURITY AND FULL EMPLOYMENT.)

2. KIRK HAS A MORE DYNAMIC AND ORIGINAL MIND. HE WILL TRY NEW IDEAS, NOT ALWAYS PRACTICAL, BUT THESE IDEAS ARE CONTAINED WITHIN A REASONABLE FRAME. BUT HE CAN BE RUTHLESS, ESPECIALLY IN LOOKING FOR HIS BASIC AIM: MORE HELP FOR THE NEEDLY.

3. NEW ZEALAND'S CAUTIOUS POLICIES, ESPECIALLY AS CONCERNS DISMANTLING PROTECTIONISM, ARE BASED ON THE FACT THAT IT IS A SMALL COUNTRY WITH A SMALL, AND IN THE PAST VERY VULNERABLE, ECONOMY. FEW NEW ZEALANDERS HAVE FORGOTTN HOW VERY HARD HIT NEW ZEALAND HAS BEEN
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DURING DEPRESSIONS. THIS LEADS TO THE DOMESTIC

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POLITICAL REQUIREMENT FOR FULL EMPLOYMENT AND SOCIAL SECURITY, EVEN AT THE EXPENSE OF SLOWER GROWTH (WHICH IS STRENGTHENED BY A DEEP DESIRE TO PROTECT THE BEAUTIFUL ENVIRONMENT) AND, FACING ABROAD, FEAR MINGLED WITH ADMIRATION OF THE POWER OF LARGE ECONOMIES SUCH AS THE US.

4. AT 49 KIRK LED HIS PARTY FOR THE THIRD TIME, AND AFTER TWO DEFEATS, ON NOVEMBER 24, 1972, WON THE LARGEST NUMBER OF SEATS EVER HELD BY A LABOUR GOVERNMENT.HE HAS A MAJORITY OF 22. LABOUR WON 48 PERCENT OF THE POPULAR VOTE, A 4.4 PERCENT INCREASE OVER THE PREVIOUS ELECTION. THIS RELATIVELY SMALL CHANGE BY THE CAUTIOUS NEW ZEALAND VOTER GAVE KIRK A LARGE PARLIAMENTARY MAJORITY BECAUSE LABOUR WON MANY SWING SEATS BY NARROW MAJORITIES (16 BY PESS THAN 1500 VOTES). BUT AS OPPOSITION LEADER JACK MARSHALL CONCEDES, THE COUNTRY , AFTER 20 OF THE PAST 23 YEARS OF NATIONAL GOVERNMNET, WAS READY FOR A CHANGE.

5. KIRK'S POSITION IS STRENGTHENED BY HIS UNQUESTIONED SUPERIORITY AS LEADER AND BY THE FACT THAT THE YOUNG OPPOSITION LEADERS WITH THE BEST POTENTIAL WERE DEFEATED.

6. KIRK'S FOREIGN POLICY IS NOT SERIOUSLY CHALLENGED AT HOME. HIS HEALTH IS EXCELLENT AND HE CAN REMAIN LEADER FOR YEARS IF HE CAN HANDLE WHAT THE CONCEDES IS HIS BIGGEST FAILURE IN HIS TEN MONTHS IN OFFICE "FAILURE SO FAR TO GET INFLATION DOWN." THE ANNUAL RATE OF INFLATION HAS RISEN FROM 4 1/2 TO 11 PERCENT SINCE HE WAS ELECTED. AS LABOUR LEADER WITH URBAN STRENGTH, HE HAS EYE ON THE NOW PROSPEROUS FARMER AND ON THE PRICE OF MEAT RATHER THAN SPIRALING WORKERS' WAGES.

7. HE IS PROUDEST OF HIS ACHIEVEMENTS IN SOCIAL SECURITY, ESPECIALLY AN 18 PERCENT INCREASE FOR PENSIONERS. HIS GOVERNMENT'S SOCIAL PROGRAMS ARE EXPENSIVE AND HE IS DETERMINED TO CARRY THEM OUT, BUT TO DO SO WILL REQUIRE CONTINUING PROSPERITY AND CONFIDENTIAL

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BETTER CONTROL OF WILDCAT STRIKES.

8. NEW ZEALAND TRADE UNIONS, RELATIVELY QUIET DURING THE 1972 ELECTION YEAR, HAVE BECOME MUCH MORE MILITANT IN 1973, AND ARE CAUSING CONSIDERABLE EMBARRASSEMENT TO THE GOVERNMENT. THE UNIONS ARE SUPPOSEDLY ALIGNED WITH THE LABOUR PARTY AND KIRK'S LACK OF FIRM ACTION IN THIS AREA STEMS DIRECTLY FROM HIS DESIRE NOT TO

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ALIENATE THIS CORE OF ORGANIZATIONAL STRENGTH.
HOWEVER, THE SITUATION CANNOT DRIFT FOR MUCH LONGER
WITHOUT RISK OF A MARKED INCREASEIN PUBLIC CRITICISM
THAT THE UNIONS ARE RUNNING THE COUNTRY.

8. KIRK'S INEXPERIENCED CABINET INCLUDES SEVERAL
MEDIOCRITIES, BUT VICTORY EUPHORIA AND KIRK'S
LEADERSHIP HAVE CAUSED THEM TO PERFORM BETTER THAN
EXPECTED AS A TEAM. THEY CERTAINLY STAY IN STEP
WITH KIRK.

9. UNLIKE ITS AUSTRALIAN COUNTERPART, THE LEFT WING
OF THE NEW ZEALAND LABOUR PARTY IS UNABLE TO CAUSE
MUCH PUBLIC EMBARRASSMENT FOR KIRK. IT IS EXTREMETLY
VOCAL, HOWEVER, AND THE PRIME MINISTER CANNOT AFFORD
TO IGNORE IT. ONE OF THE LEFT'S MAIN OBJECTIVES
WITHIN THE PARTY IS TO REDUCE THE INFLUENCE OF THE
TRADE UNIONS. KIRK (AND THE UNIONS) HAVE BEEN ABLE
TO DEFEAT ATTEMPTS IN THIS DIRECTION IN THE PAST.
SHOULD THE LEFT SUCCEED IN ITS EFFORTS, THE RESULTS
WOULD BE DISASTROUS FOR THE PARTY SINCE A FEW MILITANTS
CAN THROTTLE NEW ZELAND'S EXPORTS DEPENDENCE ON AN
ECONOMY WHICH IS BASED ON A SMALL NUMBER OF PROFITABLE
INDUSTRIES.
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